

Message Text

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ORIGIN NEA-16

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 SWF-02 TAR-02 PA-04

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FM SECSTATE WASHDC

TO AMEMBASSY ISLAMABAD PRIORITY

AMCONSUL KARACHI PRIORITY

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E.O. 11652: N/A

TAGS: BPRO, ENRG, PK

SUBJECT: TEXAS GULF SEEKS OIL AND GAS EXPLORATION CONCESSION

REF: SMITH-SHAFIUDDIN MEMCON, MAY 10, 1974

1. TEXAS GULF HAS APPROACHED DEPARTMENT, EXPLAINING STATUS ITS EFFORS OBTAIN CONCESSION IN NORTHERN SIND/SOUTHERN PUNJAB (REF MEMCON) AND ASKING ASSISTANCE IN OBTAINING GAS LIQUEFACTION AND EXPORT PERMISSION. AS INDICATED MEMCON, CONCESSION NEGOTIATIONS ARE IN FINAL STAGE, BUT TEXAS GULF HAS INSISTED ON RIGHT TO LIQUEFY AND EXPORT ITS SHARE OF ANY NATURAL GAS FOUND IN PLANNED EXTENSIVE EXPLORATION, CONTRARY TO GOP'S MODEL CONCESSION AGREEMENT (WHICH DOES, APPARENTLY, ALLOW GAS EXPORTS IF NO LIQUEFACTION NEEDED -- LIMITED OFFICIAL USE

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I.E., BY LAND PIPELINES).

2. FRANK MOLTON, TEXAS GULF VICE PRESIDENT IN CHARGE THESE NEGOTIATIONS, PLANS TRIP TO PAKISTAN ARRIVING JUNE 7 IN KARACHI. THEIR PAKISTAN REP, YUSUF E. BHAIMIA OF KARACHI ACCOUNTING FIRM A.F.FERGUSON, LTD., HAS RECOMMENDED ATTEMPT DURING THIS VISIT TO SEE PRIME MINISTER BHUTTO IN ORDER RESOLVE THE GAS-EXPORT IMPASSE. WITH CONCURRENCE AMBASSADOR BYROADE, WE SUGGESTED APPROACH MIGHT BETTER BE AT LEVEL OF FINMIN MUBASHIR HASAN AND WE WOULD SOLICIT THE, POSTS' OPINION AS TO THE MOST APPROPRIATE LEVEL. BHAIMIA

HAS BEEN DEALING WITH FUEL AND ENERGY JOINT SECRETARY MANSOOR AHMAD AND UNDERSTANDS INDUSTRIES MINISTER J.A. RAHIM HAS HAD A ROLE IN GOP CONSIDERATION THIS PROJECT.

3. TEXAS GULF RECOGNIZES DIFFICULTIES EXCEPTION TO GOP'S NO-GAS-EXPORT POLICY. HOWEVER, TEXAS GULF IS SEEKING AND WOULD EXPLOIT ONLY LARGE NEW FIELD IN THIS MANNER, AND THEREFORE IT BELIEVES GOP'S 40-PERCENT PARTICIPATION PLUS 12-PERCENT ROYALTY WOULD ASSURE MEETING FUTURE DOMESTIC GAS REQUIREMENTS.

4. REQUEST POSTS' VIEWS (PERHAPS INCLUDING CONSULTATIONS WITH BHAIMIA) ON LEVEL OF APPROACH (OR, INDEED, DESIRABILITY THIS TACTIC) ASAP IN ORDER COORDINATE WITH TEXAS GULF PRIOR TO MOLTON'S JUNE 5 DEPARTURE. RUSH

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